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Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 TRSE-00 STR-07 CAB-02
CIAE-00 COME-00 DODE-00 DOTE-00 INR-10 NSAE-00
FAA-00 L-03 XMB-02 OMB-01 SS-15 SP-02 NSCE-00
SSO-00 INRE-00 /073 R

DRAFTED BY EB/OT/STA:TO'HERRON
APPROVED BY EB/OT/STA:TO'HERRON
EB/ITP:WBARRACLOUGH
EB/TRA:JATWOOD
EUR/WE:EBEIGLE
EUR/RPE:RLAMANTIA
TREASURY/OTF:JLANGE
STR:RRIVERS (INFO)
EA/K:BPORTER
COMMERCE:BIEPR/OCA:MSMITH (INFO)
----------055693 010019Z /73
O 312317Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY PARIS IMMEDIATE
AMEMBASSY SEOUL IMMEDIATE
AMEMBASSY TAIPEI IMMEDIATE

C O N F I D E N T I A L STATE 222137

E.O. 11652:N/A

TAGS: EAIR, ETRD, TW

SUBJECT:AIRBUS/LANDING RIGHTS

REFS: TAIPEI 5866; STATE 220738

1. SENIOR U.S. OFFICIALS, MEMBERS OF CONGRESS, AND INDUSTRY/
LABOR OFFICIALS REMAIN DEEPLY CONCERNED OVER CONTINUING
REPORTS OF LINKAGE BETWEEN THE PURCHASE BY CHINA AIRLINES
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OF THE AIRBUS AND THE GRANTING OF LANDING RIGHTS AT PARIS
FOR CHINA AIRLINES. U.S. POLICY IS THAT AIRCRAFT PURCHASES
SHOULD BE MADE ON THE BASIS OF THE CHARACTERISTICS AND
PRICE OF THE AIRCRAFT INVOLVED, AND THAT EXTRANEOUS FACTORS
SHOULD NOT FIGURE INTO AIRCRAFT PURCHASE DECISIONS.

2. LANDING RIGHTS IS NOT THE TYPE OF "COMMERCIAL CONSIDERA-

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TION" WHICH WE BELIEVE SHOULD BE TAKEN INTO ACCOUNT IN AIRCRAFT PURCHASE DECISIONS. THE COMMERCIAL FACTORS WHICH WE DEEM LEGITIMATE CONSIDERATIONS HAVE TO DO WITH THE AIRCRAFT ITSELF--SEATING CAPACITY, RANGE, FUEL CONSUMPTION, EMISSION OF POLLUTANTS, SUITABILITY FOR AIRLINE ROUTES, FINANCIAL ARRANGEMENTS OF THE SALE, AND SO ON. IF AIRLINES BASE THEIR PURCHASE DECISIONS ON THESE FACTORS, THE UNITED STATES WILL BE ABLE TO CONTINUE TO HAVE A STRONG MARKET OVERSEAS FOR AMERICAN-BUILT PLANES, WHICH ARE OF EXCELLENT

QUALITY AND WHICH ARE COMPETITIVELY PRICED. THE AIRCRAFT SECTOR IS ONE WHERE WE ENJOY A STRONG COMPETITIVE EXPORT POSITION, AND IT IS A MAJOR NATIONAL OBJECTIVE TO MAINTAIN THAT POSITION. THE CURRENT BALANCE OF TRADE DEFICIT AND THE WEAKNESS OF THE DOLLAR IN FINANCIAL MARKETS MAKE IT ESSENTIAL THAT THIS POSITION NOT BE UNDERMINED BY FACTORS UNRELATED TO OUR COMPETITIVE ADVANTAGE.

3. FOR TAIPEI: YOUR DEMARCHE TO PREMIER SUN (REFTEL) WAS RIGHT ON THE MARK. WE BELIEVE, HOWEVER, THAT A REITERATION OF OUR VIEWS IS NECESSARY. PLEASE FOLLOW UP AT APPROPRIATE HIGH LEVEL, INFORMING GROC OF POINTS MADE ABOVE AND POINTING OUT THAT AN AIRBUS PURCHASE DECISION BASED ON LANDING RIGHTS IN PARIS WILL GENERATE AN OUTCRY WHICH WILL HAVE SERIOUS IMPLICATIONS FOR US-ROC TRADE RELATIONS GENERALLY.
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4. THE POINTS WE HAVE RAISED WITH GROC WOULD BE EQUALLY APPLICABLE TO THE KOREAN CASE, IF INDEED THE FRENCH TIED KAL LANDING RIGHTS IN PARIS TO PURCHASES OF THE AIRBUS. (HOWEVER, A MAJOR CONSIDERATION IN OUR STRONG REPRESENTATIONS TO THE GROC HAS BEEN THE HUGE U.S. TRADE DEFICIT WITH TAIWAN. SUCH A LARGE IMBALANCE IN US/ROK TRADE HAS NOT OCURRED.

5. FOR SEOUL: ANY ADDITIONAL BACKGROUND YOU COULD PROVIDE ON ISSUE OF LINKING AIRBUS PURCHASES TO PARIS LANDING RIGHTS FOR KAL WHEN DEAL WAS BEING NEGOTIATED WOULD BE HELPFUL.

6. FOR PARIS: TO CLEAR UP THE CONTINUING MISAPPREHENSION IN TAIPEI, EMBASSY SHOULD AGAIN APPROACH FRENCH OFFICIALS AT HIGHEST LEVEL YOU DEEM APPROPRIATE AND MAKE FOLLOWING POINTS: WE WISH GOF TO BE AWARE THAT WE CONTINUE TO RECEIVE INFORMATION FROM RELIABLE SOURCES THAT REPRESENTATIVES OF AIRBUS INDUSTRIE HAVE PROMISED TO DELIVER GOF AGREEMENT FOR CHINA AIRLINES TO LAND IN PARIS ON CONDITION THAT CHINA AIRLINES PURCHASE THE AIRBUS; THAT DECISION MAKERS IN

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CHINA AIRLINES AND IN GROC CONTINUE TO BELIEVE THAT THIS IS THE CASE; AND THAT GROC'S FINAL APPROVEOF AIRBUS PURCHASE AWAITS ONLY CONFIRMATION FROM GOF THAT LANDING RIGHTS WILL BE GRANTED. IN VIEW OF PREVIOUS STATEMENTS FROM LAFONTAINE (PARIS 25298) AND DE SEDOUY (PARIS 23849) THAT IT IS NOT FRENCH POLICY TO GRANT SUCH LANDING RIGHTS, WE BELIEVE ONLY FAIR WAY TO ASSURE THAT PURCHASE IS MADE ON STRICTLY COMPETITIVE GROUNDS IS FOR FRENCH TO CALL OFF AIRBUS INDUSTRIE'S MISREPRESENTATIONS TO CHINESE; BETTER YET, FOR FRENCH TO ADVISE CHINESE THEMSELVES THAT THERE IS NO LANDING RIGHTS DEAL. IF FRENCH RAISE PROBLEM OF LACK OF DIPLOMATIC

RELATIONS WITH ROC, EMBASSY MAY OFFER TO ACT AS INTER-MEDIARY OR MAY SUGGEST SOME OTHER INTERMEDIARY. VANCE
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Message Attributes

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Disposition Approved on Date:
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